

LOCKHEED MARTIN CORPORATION
Consolidated Condensed Statement of Earnings
Unaudited
(In millions, except per share data and percentages)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 28, 2008 ^(a)	September 30, 2007 ^(a)	September 28, 2008 ^(a)	September 30, 2007 ^(a)
Net sales	\$ 10,577	\$ 11,095	\$ 31,599	\$ 31,021
Cost of sales	9,455	9,949	28,217	27,911
	1,122	1,146	3,382	3,110
Other income (expense), net	120	17	401	202
Operating profit	1,242	1,163	3,783	3,312
Interest expense	85	79	264	265
Other non-operating (expense) / income, net	(13)	35	14	139
Earnings before income taxes	1,144	1,119	3,533	3,186
Income tax expense	362	353	1,139	952
Net earnings	\$ 782	\$ 766	\$ 2,394	\$ 2,234
Effective tax rate	31.6%	31.5%	32.2%	29.9%
Earnings per common share:				
Basic	\$1.97	\$1.85	\$5.97	\$5.35
Diluted	\$1.92	\$1.80	\$5.82	\$5.21
Average number of shares outstanding				
Basic	397.4	413.5	401.1	417.2
Diluted	407.1	424.5	411.1	428.5
Common shares reported in stockholders' equity at quarter end:			398.2	410.9

(a) It is our practice to close our books and records on the Sunday prior to the end of the calendar quarter. The interim financial statements and tables of financial information included herein are labeled based on that convention.

LOCKHEED MARTIN CORPORATION

Net Sales, Operating Profit and Margins

Unaudited

(In millions, except percentages)

	THREE MONTHS ENDED			NINE MONTHS ENDED		
	September 28, 2008	September 30, 2007	% Change	September 28, 2008	September 30, 2007	% Change
Net sales						
Aeronautics	\$ 2,917	\$ 3,342	(13) %	\$ 8,608	\$ 9,299	(7) %
Electronic Systems	2,802	2,827	(1)	8,686	8,269	5
Information Systems & Global Services	2,950	2,713	9	8,312	7,378	13
Space Systems	1,908	2,213	(14)	5,993	6,075	(1)
Total net sales	\$ 10,577	\$ 11,095	(5) %	\$ 31,599	\$ 31,021	2
Operating profit						
Aeronautics	\$ 375	\$ 414	(9) %	\$ 1,064	\$ 1,091	(2) %
Electronic Systems	364	346	5	1,139	1,050	8
Information Systems & Global Services	267	245	9	769	674	14
Space Systems	244	221	10	743	620	20
Segment operating profit	1,250	1,226	2	3,715	3,435	8
Unallocated corporate (expense) income, net	(8)	(63)		68	(123)	
	\$ 1,242	\$ 1,163	7 %	\$ 3,783	\$ 3,312	14
Margins:						
Aeronautics	12.9 %	12.4 %		12.4 %	11.7 %	
Electronic Systems	13.0	12.2		13.1	12.7	
Information Systems & Global Services	9.1	9.0		9.3	9.1	
Space Systems	12.8	10.0		12.4	10.2	
Total operating segments	11.8 %	11.1 %		11.8 %	11.1 %	
Total consolidated	11.7 %	10.5 %		12.0 %	10.7 %	

LOCKHEED MARTIN CORPORATION
Selected Financial Data
Unaudited
(In millions, except per share data)

	<u>THREE MONTHS ENDED</u>		<u>NINE MONTHS ENDED</u>	
	<u>September 28, 2008</u>	<u>September 30, 2007</u>	<u>September 28, 2008</u>	<u>September 30, 2007</u>
<u>Unallocated corporate (expense) income, net</u>				
FAS/CAS pension adjustment	\$ 32	\$ (18)	\$ 96	\$ (46)
Unusual items, net	44	-	145	71
Stock compensation expense	(40)	(34)	(115)	(116)
Other, net	(44)	(11)	(58)	(32)
Unallocated corporate (expense) income, net	\$ (8)	\$ (63)	\$ 68	\$ (123)

	<u>THREE MONTHS ENDED</u>		<u>NINE MONTHS ENDED</u>	
	<u>September 28, 2008</u>	<u>September 30, 2007</u>	<u>September 28, 2008</u>	<u>September 30, 2007</u>
<u>FAS/CAS pension adjustment</u>				
FAS 87 expense	\$ (116)	\$ (175)	\$ (347)	\$ (518)
Less: CAS costs	(148)	(157)	(443)	(472)
FAS/CAS pension adjustment - income (expense)	\$ 32	\$ (18)	\$ 96	\$ (46)

	<u>THREE MONTHS ENDED SEPTEMBER 28, 2008</u>			<u>NINE MONTHS ENDED SEPTEMBER 28, 2008</u>		
	<u>Operating profit</u>	<u>Net earnings</u>	<u>Earnings per share</u>	<u>Operating profit</u>	<u>Net earnings</u>	<u>Earnings per share</u>
<u>Unusual Items - 2008</u>						
ILS/LKEI Deferred Gain	\$ 44	\$ 28	\$ 0.07	\$ 60	\$ 38	\$ 0.09
Earnings associated with prior years' land sales	-	-	-	85	56	0.14
	\$ 44	\$ 28	\$ 0.07	\$ 145	\$ 94	\$ 0.23

	<u>THREE MONTHS ENDED SEPTEMBER 30, 2007</u>			<u>NINE MONTHS ENDED SEPTEMBER 30, 2007</u>		
	<u>Operating profit</u>	<u>Net earnings</u>	<u>Earnings per share</u>	<u>Operating profit</u>	<u>Net earnings</u>	<u>Earnings per share</u>
<u>Unusual Items - 2007</u>						
Gain on sale of interest in Comsat International	\$ -	\$ -	\$ -	\$ 25	\$ 16	\$ 0.04
Gain on sale of surplus land	-	-	-	25	16	0.04
Earnings from reversal of legal reserves	-	-	-	21	14	0.03
Benefit from closure of an IRS audit	-	-	-	-	59	0.14
	\$ -	\$ -	\$ -	\$ 71	\$ 105	\$ 0.25

LOCKHEED MARTIN CORPORATION

Selected Financial Data

Unaudited

(In millions)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 28, 2008	September 30, 2007	September 28, 2008	September 30, 2007
<u>Depreciation and amortization of plant and equipment</u>				
Aeronautics	\$ 52	\$ 42	\$ 137	\$ 121
Electronic Systems	69	56	189	150
Information Systems & Global Services	16	21	49	52
Space Systems	36	33	109	90
Segments	173	152	484	413
Unallocated corporate expense, net	14	14	38	41
Total depreciation and amortization	\$ 187	\$ 166	\$ 522	\$ 454

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 28, 2008	September 30, 2007	September 28, 2008	September 30, 2007
<u>Amortization of purchased intangibles</u>				
Aeronautics	\$ 12	\$ 12	\$ 38	\$ 38
Electronic Systems	2	6	8	22
Information Systems & Global Services	10	13	33	42
Space Systems	1	2	3	6
Segments	25	33	82	108
Unallocated corporate expense, net	2	3	8	9
Total amortization of purchased intangibles	\$ 27	\$ 36	\$ 90	\$ 117

LOCKHEED MARTIN CORPORATION
Consolidated Condensed Balance Sheet
Unaudited
(In millions)

	<u>SEPTEMBER 28,</u> <u>2008</u>	<u>DECEMBER 31,</u> <u>2007</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 2,463	\$ 2,648
Short-term investments	71	333
Receivables	5,391	4,925
Inventories	1,736	1,718
Deferred income taxes	653	756
Other current assets	396	560
Total current assets	<u>10,710</u>	<u>10,940</u>
Property, plant and equipment, net	4,294	4,320
Goodwill	9,560	9,387
Purchased intangibles, net	390	463
Prepaid pension asset	326	313
Deferred income taxes	937	760
Other assets	3,140	2,743
Total assets	<u><u>\$ 29,357</u></u>	<u><u>\$ 28,926</u></u>
<u>Liabilities and Stockholders' Equity</u>		
Accounts payable	\$ 2,030	\$ 2,163
Customer advances and amounts in excess of costs incurred	4,313	4,254
Current maturities of long-term debt	1	104
Other accrued expenses	4,189	3,350
Total current liabilities	<u>10,533</u>	<u>9,871</u>
Long-term debt, net	3,804	4,303
Accrued pension liabilities	1,551	1,192
Other postretirement and other noncurrent liabilities	3,661	3,755
Stockholders' equity	<u>9,808</u>	<u>9,805</u>
Total liabilities and stockholders' equity	<u><u>\$ 29,357</u></u>	<u><u>\$ 28,926</u></u>
Total debt-to-capitalization ratio:	<u><u>28%</u></u>	<u><u>31%</u></u>

LOCKHEED MARTIN CORPORATION
Consolidated Condensed Statement of Cash Flows
Unaudited
(In millions)

	NINE MONTHS ENDED	
	September 28, 2008	September 30, 2007
<u>Operating Activities</u>		
Net earnings	\$ 2,394	\$ 2,234
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	522	454
Amortization of purchased intangibles	90	117
Stock-based compensation	115	116
Excess tax benefit on stock compensation	(90)	(102)
Changes in operating assets and liabilities:		
Receivables	(426)	(332)
Inventories	(18)	274
Accounts payable	(141)	(264)
Customer advances and amounts in excess of costs incurred	91	412
Other	869	912
Net cash provided by operating activities	3,406	3,821
<u>Investing Activities</u>		
Expenditures for property, plant and equipment	(503)	(480)
Sale of short-term investments, net	262	46
Acquisitions of businesses / investments in affiliates	(195)	(325)
Divestiture of investment in affiliate	-	26
Other	(27)	(43)
Net cash used for investing activities	(463)	(776)
<u>Financing Activities</u>		
Repurchases of common stock	(2,338)	(1,805)
Issuances of common stock and related amounts	242	312
Excess tax benefit on stock compensation	90	102
Common stock dividends	(510)	(440)
Issuance of long-term debt and related costs	491	-
Repayments of long-term debt	(1,103)	(32)
Net cash used for financing activities	(3,128)	(1,863)
Net (decrease) increase in cash and cash equivalents	(185)	1,182
Cash and cash equivalents at beginning of period	2,648	1,912
Cash and cash equivalents at end of period	\$ 2,463	\$ 3,094

LOCKHEED MARTIN CORPORATION
Consolidated Condensed Statement of Stockholders' Equity
Unaudited
(In millions)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
Balance at January 1, 2008	\$ 409	\$ -	\$ 11,247	\$ (1,851)	\$ 9,805
Net earnings			2,394		2,394
Common stock dividends (a)			(739)		(739)
Conversion of debentures	5	58			63
Stock-based awards and ESOP activity	6	617			623
Repurchases of common stock (b)	(22)	(675)	(1,659)		(2,356)
Other comprehensive income				18	18
Balance at September 28, 2008	<u>\$ 398</u>	<u>\$ -</u>	<u>\$ 11,243</u>	<u>\$ (1,833)</u>	<u>\$ 9,808</u>

(a) Includes dividends (\$0.42 per share) declared and paid in the first, second and third quarters. This amount also includes a dividend (\$0.57 per share) that was declared on September 25, 2008 and is payable on December 26, 2008 to shareholders of record on December 1, 2008.

(b) The Corporation repurchased 3.7 million shares for \$401 million during the third quarter. Year-to-date, the Corporation has repurchased 22.3 million common shares for \$2.4 billion. The Corporation has 40.4 million shares remaining under its share repurchase program, including the 30.0 million of additional shares that were authorized for repurchase under the program in September 2008.

LOCKHEED MARTIN CORPORATION

Operating Data

Unaudited

(In millions)

	September 28, 2008	December 31, 2007
<u>Backlog</u>		
Aeronautics	\$ 26,700	\$ 26,300
Electronic Systems	19,900	21,200
Information Systems & Global Services	12,300	11,800
Space Systems	17,100	17,400
Total	\$ 76,000	\$ 76,700

	THREE MONTHS ENDED		NINE MONTHS ENDED	
<u>Aircraft Deliveries</u>	September 28, 2008	September 30, 2007	September 28, 2008	September 30, 2007
F-16	7	11	23	32
F-22	7	7	17	17
C-130J	3	4	9	9